

# SCIENCE AND TECHNOLOGY COMMITTEE

## First Special Report

### GOVERNMENT RESPONSE TO THE SIXTH REPORT OF THE SCIENCE AND TECHNOLOGY COMMITTEE (SESSION 1997-98) ON SCIENCE AND THE COMPREHENSIVE SPENDING REVIEW

#### Report and Proceedings of the Committee

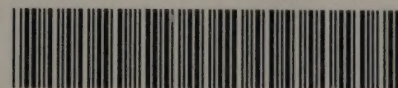
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The Science and Technology Committee is appointed under Standing Order No 152 to examine the expenditure, administration and policy of the Office of Science and Technology and of associated public bodies.

The Committee consists of 11 Members. It has a quorum of three. Unless the House otherwise orders, all Members nominated to the Committee continue to be Members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference;
- (c) to communicate to any other such committee and to the European Scrutiny Committee, to the Committee of Public Accounts, to the Deregulation Committee and to the Environmental Audit Committee its evidence and any other documents relating to matters of common interest; and
- (d) to meet concurrently with any other such committee for the purposes of deliberating, taking evidence, or considering draft reports or with the European Scrutiny Committee or any sub-committee thereof for the purposes of deliberating or taking evidence.

The following were nominated Members of the Committee on 14 July 1997:

Mr David Atkinson  
Mr Nigel Beard  
Dr Michael Clark  
Mrs Claire Curtis-Thomas  
Dr Ian Gibson  
Dr Lynne Jones

Mr Nigel Jones  
Dr Ashok Kumar  
Mrs Caroline Spelman  
Dr Desmond Turner  
Dr Alan W. Williams

Dr Michael Clark was elected Chairman on 30 July 1997.

On 22 June 1998 Mrs Caroline Spelman was discharged from and Mrs Jacqui Lait added to the Committee.

On 30 November 1998 Mr David Atkinson was discharged from and Mr Ian Taylor added to the Committee.

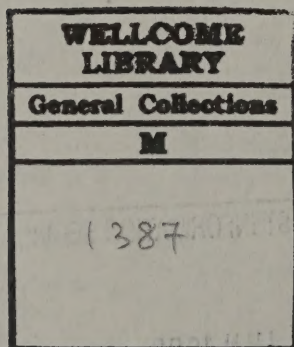


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FIRST SPECIAL REPORT

The Science and Technology Committee has agreed to the following Special Report:—

GOVERNMENT RESPONSE TO THE SIXTH REPORT OF THE SCIENCE AND TECHNOLOGY COMMITTEE (SESSION 1997–98) ON SCIENCE AND THE COMPREHENSIVE SPENDING REVIEW

- 1. The Science and Technology Committee reported to the House on Science and the Comprehensive Spending Review in its Sixth Report of Session 1997–98, published on 1 December 1998 as HC 1040.
- 2. The Government's Response to the Committee, in the form of a letter and Memorandum from Lord Sainsbury of Turville, the Minister for Science, was received on 9 February 1999. The Wellcome Trust also responded to our Report, in the form of a letter from the Director, Dr Michael Dexter. They are reproduced as appendices to this Special Report.



## APPENDICES

### APPENDIX 1

**Letter to Dr Michael Clark, MP, Chairman of the Committee, from Lord Sainsbury of Turville,  
Parliamentary Under Secretary of State for Science**

#### HOUSE OF COMMONS SCIENCE AND TECHNOLOGY COMMITTEE 6TH REPORT ON SCIENCE AND THE CSR: GOVERNMENT RESPONSE

It was a great pleasure to meet you and your Committee in October, during its inquiry into Science and the Comprehensive Spending Review, and I found your report very helpful. I now enclose the Government response to your main conclusions and recommendations, as set out on page iv of the report. You will see that since I gave evidence to the Committee we have announced a further initiative to improve the exploitation of the knowledge within the Science and Engineering Base—the Science Enterprise Challenge. As with the University Challenge, this is supported with additional funds, and is not a reallocation of existing Science Budget resources.

8 February 1999

#### SIXTH REPORT FROM THE SCIENCE AND TECHNOLOGY COMMITTEE

#### SCIENCE AND THE COMPREHENSIVE SPENDING REVIEW

#### GOVERNMENT RESPONSE

The Government is grateful to the Committee for its helpful report on “Science and the Comprehensive Spending Review”. The Committee will be aware that, as a consequence of recent legislation, responsibility for the HE Funding Councils and similar functions in Northern Ireland will transfer to devolved administrations in Scotland, Wales and Northern Ireland at various dates later this year.

The Government’s response to the main conclusions and recommendations, set out on page iv of the report, is set out below.

**(a) We recommend that the Government ensure that the increased emphasis on wealth creation in the allocation of the Science Budget is not translated into a reduction in the public support for blue skies research (paragraph 11).**

The Government agrees with the Committee that support for blue skies research should be maintained, and this is made clear in the booklet describing the allocation of the Science Budget, which was placed in the Libraries of both Houses on 27 October 1998. Only by maintaining high quality basic research in all major disciplines is the UK going to be able to take advantage of the development of the knowledge economy in the next century. An important outcome of the Comprehensive Spending Review (CSR) was the collaboration with the Wellcome Trust to establish the £600 million Joint Infrastructure Fund (JIF) for the renewal of university infrastructure. On top of this an extra £300 million will be made available to the Higher Education Funding Council for England over the next three years to improve research infrastructure and equipment in English universities.

Nevertheless, the Government also wants to secure the maximum advantage to the UK from the additional investment in the UK’s science base, and it is essential to improve the arrangements for knowledge transfer from the researchers to users. The Government has therefore also provided additional funds to encourage a greater spirit of entrepreneurialism in our universities. These additional funds have been used to launch the £40 million University Challenge Competition (jointly with The Wellcome Trust and The Gatsby Charitable Foundation), and to set up the £25 million Science Enterprise Challenge to fund up to eight Centres of Enterprise in UK universities.

**(b) We congratulate the Government on its response to our recommendations and pay tribute to the Wellcome Trust for its timely and generous commitment to the UK science base (paragraph 13).**

The Government shares the Committee’s concerns about the need for a substantial investment in the science and engineering base infrastructure, and this has been reflected in the substantial increase in funding arising from the CSR. The Government is grateful to the Wellcome Trust for the joint creation of the largest Public Private Partnership for science in the world today.

**(c) We recommend that the Government monitor the efficiency and effectiveness of both sides of the administration of the Joint Infrastructure Fund so that one side may learn from the other (paragraph 15).**



The Government agrees with the Committee's recommendation and intends to keep the administrative arrangements for both sides of the JIF under review in order to ensure the efficient and effective operation of the scheme over the three-year period.

The Government also intends to assess the impact of the JIF on the research infrastructure as a whole after the scheme comes to an end in 2002. That evaluation will aim to look at not only the input side of the scheme, but also the outputs, in particular the value of the scheme to the research teams, to university departments and to industry.

**(d) We recommend that the Government and the Director General of the Research Councils treat the review of funding arrangements as a high priority. In particular we recommend that common transparent accounting procedures are adopted by all universities within the next twelve months to ensure that the full direct and indirect costs of research projects can be identified. We further recommend that when the time comes to determine research council allocations post 2001–02, full provision be made for the Research Councils to pay all the indirect costs of the research they fund in universities without reducing the volume of research they support (paragraph 17).**

**(g) We agree with the Minister for Higher Education that “it is important that [the Government] should not be too intrusive in terms of universities’ freedom to spend their money sensibly” but consider that this puts an even greater responsibility on all universities to account transparently for their research income and expenditure and lends more urgency to the studies and reviews of university accounting that are taking place. We welcome the Funding Council’s commitment of £2.8 million to a study designed to identify good practice and offer guidance on costing and pricing to higher education institutions but consider that three years is too protracted a timescale and recommend that the exercise be completed within twelve months (paragraph 21).**

The Government concurs with the Committee’s recommendation that Universities should be given a degree of freedom in how to spend their funds, whilst at the same time being held accountable for how those funds are allocated. It also agrees that implementation of new accounting systems, based on agreed good practice, should be completed as soon as it is practical.

The Government has already initiated a review to advise on the most appropriate uniform methodology for accounting for the full cost of research, and other university activities, that can be implemented by universities based on existing or planned overall accounting systems. The Science and Engineering Base Co-ordinating Committee has established a Steering Group to report back to it by June this year. The aim is for at least the research intensive universities to have a system in operation for Academic Year 2000–01, and for all universities by the following year.

**(c) We consider that research charities, along with all other non-dual support funders of research, “should be paying for the full economic costs of the research they fund”. Thus we still stand by our previous conclusion that while “we do not wish to denigrate the importance of such investment, or to discourage it, we believe that it is primarily the responsibility of Government to fund basic research infrastructure and that research charities should see fully funding the research they commission as their first priority” (paragraph 18).**

The Government accepts the Committee’s assertion that it is primarily responsible for funding basic research infrastructure. It also accepts in principle that sponsors should pay the full cost of the research they fund, but in some cases it is appropriate for costs to be shared, for example for collaborative projects or where sponsors make separate contributions towards the infrastructure costs of the science and engineering base.

**(f) We welcome the Government’s commitment to funding for the synchrotron beyond the £35 million currently allocated and hope that it is made available as new money (paragraph 19).**

The Government place a high priority on the replacement for the Synchrotron Radiation Source at Daresbury. The £35 million identified in the allocations booklet was its estimate of the additional funding required from the Science Budget over the next three years, and recognises that substantial funds will be required in subsequent years. Again the Government is grateful to the Wellcome Trust in joining it in a partnership to secure leading edge synchrotron radiation facilities.

**(h) We recommend that departments recognise the importance of maintaining adequate research activities to support their individual policy objectives and that the Chief Scientific Adviser play a strong co-ordinating role across all departments during discussions on departmental research activities.**

Government departments across Whitehall already draw heavily on science in delivering their objectives and this will continue. Each department has responsibility for the provision and use of the scientific advice it needs to support its own policy objectives.

The Government’s Chief Scientific Adviser (CSA) plays an active role advising the Prime Minister and other Ministers on departmental research activities and co-ordinating activity across Government. During the Comprehensive Spending Review he provided an overview for Ministers of the wider implications of individual departments’ expenditure proposals, and in particular on the need to take full account of the long term implications of spending decisions and to retain sufficient capability to respond to unexpected events.

In addition to the ongoing work of the CSA in advising Ministers on departmental spending plans and a wide range of science issues, the Government has also taken various steps over the last 18 months to ensure that inter-departmental research activities are effectively co-ordinated. For example:



- a Ministerial Science Group has recently been established to help ensure that activity across departments is considered in the wider context of the Government's agenda for science, engineering and technology;
- the Council for Science and Technology is currently reviewing science and technology activities across departments and will be reporting later this year.

## APPENDIX 2

### **Letter to Dr Michael Clark, MP, Chairman of the Committee, from Dr Michael Dexter, Director, the Wellcome Trust**

#### SCIENCE AND THE COMPREHENSIVE SPENDING REVIEW

Firstly, may I thank you for the opportunity afforded to the Wellcome Trust last year to give both written and oral evidence to your Committee to explain in greater detail the Trust's involvement in the increased allocation of resources to the UK science base.

Secondly, the Trust welcomes the December 1998 Report of your Committee, and is appreciative of the acknowledgement given to the Trust's contribution to the Joint Infrastructure Fund (JIF), the synchrotron and the University Challenge Fund. In particular, the Trust thanks the Committee for its thorough analysis (in a previous enquiry) of the Implications of the Dearing Report for the Structure and Funding of University Research, which emphasised to the Government the urgent need for a large injection of money into the UK research infrastructure and which has culminated in our partnership with the Government in the JIF.

The Trust strongly endorses your Committee's concluding statement that: "We are delighted at the outcome of the Comprehensive Spending Review for the science budget".

As you would expect, we also concur with the Committee's view (paragraph 18) that "it is primarily the responsibility of Government to fund basic research infrastructure".

We agree that research charities should fully fund the research they support. However, we would stress that the Trust does not, in fact, commission research. We respond to applications from universities and fund, on a competitive basis, the best science. Naturally, a clearer university accounting system would allow the Trust and other medical research charities to work out the true direct costs of research.

The Trust therefore welcomes the Committee's recommendation that all universities adopt common transparent accounting procedures "to ensure that the full direct and indirect costs of research projects can be identified" and fully supports the working party that has been established to achieve this aim.

In sharing the Committee's welcome for the Government's move to rectify the damage caused by persistent underfunding of universities' research facilities in an imaginative and timely fashion, the Trust is also glad to have been able to be a part of this initiative. However, we also—like your Committee—see the JIF as a catching up mechanism. The longer term position remains the Government's responsibility and the Trust has made clear that the JIF and Synchrotron awards were, for us, one-off.

The Wellcome Trust was pleased that the Government treated our money as additional to, and not a replacement for, their own, and was particularly delighted that the Government has itself increased the MRC's allocation, in real terms, by 6.79 per cent between 1998–99 and 2001–02 (the largest percentage increase of any of the research councils).

Turning to your recommendation that the Government monitor the efficiency and effectiveness of both sides of the administration of JIF (i.e. by the Trust and by the research councils): we are unclear exactly what the Committee had in mind. For our part, as with all our funding streams, we will keep the administration of the applications processed by us under review. We are sure that the Office of Science and Technology will similarly keep under review the administrative arrangements of the four Research Councils processing JIF applications. Any relevant lessons will be shared at the regular meeting between the parties involved, taking into account the different regulatory structures, strategies and constraints under which the various parties operate.

A working group involving the OST, Research Councils and the Trust, utilising the latter's research and policy unit (PRISM), is already meeting to establish an appropriate process and criteria for evaluating the outcome of the Initiative.

The last few months have been an interesting and challenging period for the Trust. We had felt, very keenly, the deteriorating quality of university research facilities. The recommendations of your Committee and the Dearing Report undoubtedly helped influence the climate of opinion which allowed Government to work with the Trust in an innovative and inspiring way to produce, in Lord Sainsbury's words, the "largest public private partnership for science in the world today". We are proud of this initiative and delighted that—thanks to the legacy of Sir Henry Wellcome—we were in a position to initiate an opportunity to help support biomedical sciences in a way that will lead to health improvements in the years to come.

5 February 1999







